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SUBJECT: INTERIM GOVERNMENT WITH A WEAK MANDATE TAKES POWER
IN PRAGUE

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11. (C) Summary: On May 8, President Vaclav Klaus appointed the interim technocratic government of Prime Minister Jan Fischer, after Prime Minister Topolánek's government fell in a vote of no confidence on March 24. The Fischer government is the result of a compromise among the Civic Democratic party (ODS), the Social Democratic party (CSSD), and the Green party (SZ). Fischer's government, which must seek parliamentary approval within 30 days of being appointed, will face a vote of confidence between now and the next parliamentary session beginning on 5 June. There is, however, no constitutional time limit on forming a new government, and thus, even if it should lose the confidence vote, it is likely to remain in power until the parliamentary elections planned for October 2009. Fischer and his cabinet are tasked with managing the day-to-day operations of the Czech government and will likely be heavily controlled by CSSD and ODS leadership, which are already campaigning for the June European Parliament and October national parliamentary elections. Fischer government ministers will not have the clout or much time to undertake new policy initiatives and beyond managing the Czech EU Presidency will stay internally-focused. End Summary.

Interim Government Sets Limited Goals

12. (SBU) Fischer has set limited goals for his cabinet of non-partisan experts, focusing primarily on completing the Czech EU presidency, preparing the 2010 state budget, responding to the current economic slowdown, preparing the country for Parliamentary elections and the unstated goal of meeting the demands of ODS and CSSD. (Comment: Fischer butted heads with CSSD leader Paroubek shortly after taking office when he nominated three ministers without CSSD approval. He quickly withdrew the nominations, but this episode demonstrated his lack of political savvy and disinclination to engage in political battles. End Comment.) Of the 16 ministers in the new cabinet (not counting Fischer), CSSD appointed eight, ODS six and the Greens two. The Christian Democrats (KDU-CSL) chose not to nominate any ministers, believing that being linked to the government could hurt their electoral chances this fall. Former KDU-CSL Regional Development Minister Sobotka told Charge in late April that because the interim government is de facto controlled by political parties, his party's strategy would be to "take a different line" than ODS and the Greens.

13. (SBU) According to press interviews with Fischer, the new cabinet plans on taking a hard line on government spending in an effort to control a spiraling budget deficit that threatens to exceed 5 percent of GDP. The new cabinet plans to introduce budget cuts of 10 percent at each ministry, freeze civil service salaries, lower the indexation of pensions, and cut health insurance company spending -- cuts that Fischer claims are necessary to avoid economic suicide in years to come. Fischer has claimed that budget cuts and additional revenues will be the alpha and omega

of his government. Many of the Fischer cabinet,s proposed budget cuts, especially cuts to social programs, have already been met with opposition from CSSD. Other Fischer government priorities include: finishing the privatization of Czech Airlines, managing the 2010 foreign deployments bill process and banning the extremist right-wing Delnicka Strana (Workers Party). Even if the Fischer government is able to achieve the difficult and often contentious task of preparing a state budget, once it leaves office in October it is up to the new government to accept it or change it to suit its interests. The Fischer government should complete and present its government program before the end of May.

¶4. (C) For electoral reasons, CSSD and ODS have already tried to disassociate themselves from the &apolitical8 government, and CSSD has already prepared a list of 27 conditions for the new cabinet that must be met to gain CSSD support for the interim government -- a government, it should be noted, that the CSSD leadership helped create. ODS has also threatened that it will not support the government &for free.8

Key Personalities in the Fischer Cabinet

¶5. (C) Prime Minister: Jan Fischer is a lifelong statistician who sees himself as an expert with no political ambitions. Regarding his ability to lead during the EU Presidency, Fischer claims that as Czech Statistical Office Director he familiarized himself with the European Union and knows many European Commissioners on a personal level. Fischer is not interested in being popular, and claims that his government does not have many goals or ambitions besides

keeping the country on course. Fischer has tried to convince the media that his government will not be a &puppet government,8 at the same time stating that he will be closely consulting with political leaders. According to press interviews with the new prime minister, he believes that &he who communicates does not necessarily listen to all he is being told.8

¶6. (C) Deputy Prime Minister and Minister of Foreign Affairs: Jan Kohout, a member of CSSD, was former Foreign Minister Karel Schwarzenberg,s deputy and was nominated to join Fischer,s government by CSSD. Kohout became Deputy Foreign Minister in January 2008 and, in that capacity, acted in international fora as the Czech Republic,s de facto Development Minister. A former Ambassador to the EU, the bulk of his experience is in UN and European affairs. Under Kohout,s leadership of the MFA, there will likely be a strong focus on EU relations even as the Czech EU Presidency winds down and, according to MFA officials, he may favor a more open approach to improving relations with Russia. Even though Kohout has extensive diplomatic experience, he does not have the clout or international government connections of former FM Schwarzenberg or former DPM Vondra.

¶7. (C) Minister of European Affairs: Stefan Fule, who was nominated by CSSD, is a well-respected NATO and security expert, although he is probably not the best fit for this position. Fule spent several years as Czech Ambassador to NATO and at the Ministry of Defense. Many Czech officials are aware of his interest in returning to the Ministry of Defense, but as Minister this time around. (A British diplomatic source told the Charge that Fule initially refused CSSD leader Paroubek,s offer of Minister of European Affairs, saying it was not his area of expertise. Paroubek ignored his repeated refusals and nominated him anyway, ensuring the public announcement would force Fule into a fait accompli.) According to MFA officials, Fule eventually accepted the position of Minister of European Affairs, after he recognized how few other options were available to him at the Ministerial level and that this position would allow him to remain in the limelight and perhaps secure a chance of becoming the next Minister of Defense. Since he has limited EU experience, we expect Fule to be only marginally engaged in Czech EU Presidency business.

¶18. (C) Deputy Prime Minister and Minister of Defense: Martin Bartak was the First Deputy Defense Minister in the Topolánek government and is a mover and shaker at the MOD. Former Defense Minister Parkanová was politically and substantively weak, giving Bartak a wide berth to run the Ministry. Bartak, who fits right into the MOD culture that has been plagued by a lack of transparency and shady business deals (reftel), figures prominently in many press reports of the alleged current procurement irregularities at the MOD. Bartak will provide continuity in security policy, has many important ties in ODS and is acceptable to CSSD. He has also been a strong supporter of U.S. and NATO goals, including missile defense and Afghanistan.

¶19. (C) Minister of the Interior: Martin Pecina, the Chairman of the Czech Antimonopoly Office, was appointed Interior Minister by CSSD and is generally regarded as an individual who will do exactly what CSSD Chairman Paroubek tells him to do. When asked about his primary goal as Minister, he responded by saying that he got an assignment from Paroubek to make the Czech police an apolitical entity. However, in interviews with the Czech press, Pecina has hinted that he would like to use this post as a springboard to another prestigious posting, suggesting that he will likely avoid controversial issues, leaving these issues to his deputies. Pecina has said he has made it a priority to ban the right-wing extremist Delnická Strana (Workers Party).

¶110. (C) Minister of Finance: Eduard Janota is an experienced bureaucrat, a long-time deputy finance minister and expert in the state budget. Janota has worked at the Finance Ministry for 30 years and has stated that he plans to leave the civil service when the Fischer government leaves office in October. Janota has led the State Budget Section since 1992 and, according to political commentators, &he knows how to save.⁸ Janota was nominated by ODS when CSSD refused to allow former Finance Minister Miroslav Kalousek to stay in his post. Janota initially refused to accept his nomination, hoping CSSD would change their position on Kalousek. Janota eventually accepted the offer after being personally asked by Kalousek.

¶111. (C) Minister of Industry and Trade: Vladimír Tosovsky (no relation to former PM Josef Tosovsky), was nominated by CSSD and has spent his entire career in the energy field, including stints at the semi-state electricity firm CEZ and as General Director and Chairman of the Board of the state

Czech Electricity Transmission System (CEPS). CSSD is reportedly grooming Tosovsky to replace Martin Říman as CEO of CEZ once CSSD returns to power. Unlike former Minister Martin Říman, who spoke no Western European languages, Tosovsky speaks both English and German, and appears more comfortable than Říman being on the international stage. Sources in the Ministry report that Tosovsky is already taking a much more hands-on approach than his predecessor, who concentrated mainly on industrial issues, leaving trade to the deputy ministers.

¶112. (C) Minister of the Environment: Ladislav Miko, nominated by the Green Party, was born in present-day Slovakia and is the founder of the Green Party in Slovakia. A former Deputy Minister of the Czech Environment Ministry, he is regarded as close to Czech Green Party Chair and former Environment Minister Martin Bursík, and is expected to continue Bursík's policies. Miko has excellent contacts in Brussels, having worked in DG Environment at the European Commission since 2005 as the Director of the Natural Resources Protection Department. CSSD Chair Jiří Paroubek had sought to block Miko's nomination, arguing he was unqualified, and criticized his efforts as Deputy Minister to block the construction of the Prague ring road on environmental grounds. Prior to the breakup of Czechoslovakia, Miko worked for 18 years at the Slovak Academy of Sciences. Miko holds a PhD from Charles University in Prague in systemic zoology and ecology.

Expect Limited Achievements

¶13. (C) Comment: The interim government,s links to CSSD and ODS, and its lack of a political mandate, suggest that the interim government will live up (or down) to expectations of limited goals and achievements in the run-up to October general elections. However, the Czechs may return to being more vocal and pressing their national viewpoints on issues like democracy promotion and biotech once they are no longer constrained by the neutrality of their position as EU President. Although missile defense legislation will stay on hold throughout the Fischer government, the MFA will continue to follow the U.S. missile defense policy review very closely. Fischer has indicated that managing the 2010 foreign deployments bill process is one of his government,s priorities, but it is unlikely that the cabinet will be able to pass the bill in June before the parliament goes on summer recess, and politicians may be unwilling to vote on this politically sensitive issue in September -- directly before October parliamentary elections. End Comment.

¶14. (U) The full composition of the new government follows below:

Prime Minister: Jan Fischer (appointed by agreement between ODS, CSSD, SZ)
Deputy Prime Minister and Minister of Foreign Affairs: Jan Kohout (appointed by CSSD)
Deputy Prime Minister and Minister of Defense: Martin Bartak (appointed by ODS)
Minister for European Affairs: Stefan Fule (appointed by CSSD)
Minister of the Interior: Martin Pecina (appointed by CSSD)
Minister of Finance: Eduard Janota (appointed by ODS)
Minister of Labor and Social Affairs: Petr Simerka (appointed by CSSD)
Minister for Regional Development: Rostislav Vondruska (appointed by CSSD)
Minister of Justice: Daniela Kovarova (appointed by ODS)
Minister of Culture: Vaclav Riedlbauch (appointed by CSSD)
Minister of Health: Dana Juraskova (appointed by ODS)
Minister of Industry and Trade: Vladimir Tosovsky (appointed by CSSD)
Minister of the Environment: Ladislav Miko (appointed by SZ)
Minister of Transportation: Gustav Slamecka (appointed by ODS)
Minister of Education: Miroslava Kopicova (appointed by ODS)
Minister of Agriculture: Jakub Sebesta (appointed by CSSD)
Minister for Human Rights: Michael Kocab (appointed by SZ)
Thompson-Jones